



CCPA-MB

# FAST FACTS



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## Labour Pains in Brandon

The Maple Leaf plant in Brandon employs about 1,100 people. In an average week, it kills and packs 45,000 hogs, which is a lot, but still less than half of the 108,000 hogs per week the plant is licensed to process. Maple Leaf and the City of Brandon have applied to build a wastewater treatment facility that will allow Maple Leaf to effectively double the current rate of production. It is estimated by the project's proponents that doing so will create up to 900 direct new jobs.

Nine hundred jobs is significant to a provincial economy the size of Manitoba's, and no one should take that possibility lightly. However, when evaluating the costs and benefits of the plant expansion, we must take into account whether these are good jobs. Are they safe, secure, well-paying? Are they the kinds of jobs that would allow someone to support a family?

Hog processing in Canada is booming — the number of pigs killed in Canada has increased fivefold over the past decade, and Canada is now second to Denmark in pork exports. It is also becoming more corporate. The number of very large hog farms has grown rapidly in Canada in recent years.

In Manitoba, hog production increased more sharply over the 1990s than in any other province. This was fuelled in part by the construction of the Maple Leaf slaughterhouse in Brandon, as well as by the end of Western grain transportation entitlements. According to Statistics Canada, in 1991,

Manitoba had 12.6% of Canada's hogs. By 2001 that figure had climbed to 18.2%. And Manitoba has an even higher level of pigs on very large farms: in 2001, 29.2% of Canadian hogs on very large operations were in Manitoba. In particular, the Hanover region in 2001 reported 7.8 very large farms for every 100 square kilometres of farmland.

While the Maple Leaf plant currently has plans to expand, it is important to remember that meatpacking is a low-margin industry that is very sensitive to supply costs. (Typically, value-added per worker and per hour in meatpacking is far lower than the national average.) High hog prices led the company to announce a 20% reduction in hours at the Brandon plant in May 2000. Hog prices will continue to fluctuate, meaning that the second shift may very well be started and then scaled back or abandoned.

### Wages

At the Maple Leaf plant, starting wages are equivalent to a full-year, full-time salary of approximately \$19,500. The company also offers a bonus of \$1.00 per hour for perfect attendance. An employee who works full time, all year, and has perfect attendance for half the year, would be entitled to an additional \$1,040.

The 2000 median income for a one-earner family in Brandon is \$36,179. Statistics Canada's Low Income Cut Off for Brandon is \$15,648 for a single person, and \$19,561 for a family of two.

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These low wages are far from unique to the Brandon plant. In the late 1990s, some of the largest meat packing companies in Canada began to demand massive concessions from their workers. This was simply a repeat of what had happened in the US in the 1980s.

In 1970, average hourly wages in the meatpacking industry in the US were 18% higher than in the manufacturing sector as a whole. In the 1980s, firms began locating packing plants in rural communities. This had two main advantages: the plants were now closer to the farms where the livestock had been raised and, more importantly, these new plants were not unionized.

The companies began to aggressively recruit immigrant and migrant workers from Mexico. Ownership concentration meant that there were fewer companies competing with each other.

At the same time, average farm size grew, with the result that small family farms were being replaced by large, intensive corporate operations. This resulted in a depopulation of rural communities. The residents of those communities were thus more vulnerable and more willing to accept lower wages.

These practices soon became the norm across the industry, and after a period of sharp decline, by 1998 meatpacking wages had fallen to a level three-quarters that of the manufacturing sector (statistics from the US Bureau of Labor Statistics).

Wage cuts are very often linked to speedups. Faster line speed, and an assault on wages, allow employers that are unable or unwilling to innovate to increase profits. Meatpacking companies have been unable to make major productivity gains through automation. Every animal is unique, and thus much of the work in a meatpacking plant is still done by hand – and the most important tool in a state-of-the-art plant is still a sharp knife.

The many physical dangers associated with working in a meatpacking plant have been well documented. They are so serious that strong legislative changes are called for. To begin, worker majorities on health and safety committees in meatpacking plants should be legislated, and the committees' powers should be explicitly expanded to include involvement in decisions regarding new equipment, new work process, and changes in the pacing of work.

## Turnover

Low wages, combined with the fact that meatpacking is dangerous, unpleasant work, lead to very high turnover and absenteeism.

Absenteeism at the Maple Leaf plant has been as high as 17% — at that level, the beginning of each shift is a scramble to reassign workers on the line. While the absentee rate is now reported to have fallen to approximately 6%, the addition of a

second shift is likely to raise it again (*Manitoba Business* magazine March / April 2003).

Initial turnover rates in new processing plants in the US and Canada have averaged between 100% and 360% per year. The current turnover at the Brandon plant has not been made public. However, in 2002, it was reported that the plant was hiring between 30 and 50 people per week (*UFCW magazine* January 2002) – the equivalent of 200% turnover per year. Company officials have stated that it exceeds 100%.

The evolution of the meatpacking industry in the United States is a decade ahead of the Canadian counterpart. Rather than feeling superior, we should realize that those problems are inherent to the modern corporate meatpacking industry. The internal logic of the industry is toward large-scale production. Low wages, high turnover, and employment volatility are to be expected, given that meatpacking, unable to make significant increases in productivity through automation, has come to rely more and more on a combination of fast line speed and low wages.

Clearly Maple Leaf sees the prospect of expanding its Brandon plant as a profitable one. If the provincial government allows the second shift to go ahead, it should take the necessary steps to ensure that the workers in the plant enjoy all the protections and benefits to which they are entitled.

—Todd Scarth

*Todd Scarth is Director of the Canadian Centre for Policy Alternatives-Manitoba. This fall CCPA-MB will release a collection of articles assessing the effects of the hog industry in Manitoba on labour, communities, and the environment.*

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